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**For immediate release:**

**Programs serving children, the elderly, and disabled are cut to balance budget**  
*Medicaid and Children's Health Insurance Program to be reduced*

(TOPEKA) – The Executive Committee of the Kansas Health Policy Authority Board today approved a plan for implementing \$1.13 million in administrative budget cuts that were ordered Nov. 23 by Gov. Mark Parkinson. These administrative cuts are in addition to the 10 percent across-the-board cut in provider reimbursement rates which were also part of the governor's allotment order.

KHPA administers the Medicaid and Children's Health Insurance Program (CHIP) which provide medical care, mental health care, and long term care to about 315,000 Kansans. KHPA was established in 2005 to oversee these insurance programs and to coordinate purchasing and health policy across state agencies. The Department of Social and Rehabilitation Services, Kansas Department on Aging, and Juvenile Justice Authority also administer components of the Medicaid program and will be affected by the reductions.

The implementation plan approved today includes:

- Effective Feb. 1, eliminating the customer service call center for Medicaid's 25,000 providers and sharply reducing customer service for Medicaid's 315,000 beneficiaries. KHPA's fiscal agent contractor, HP Enterprise Service, normally fields about 250,000 provider and beneficiary calls per year. (savings of \$250,000 in fiscal year 2010)
  - Effective Jan. 1, reducing the scope of services provided by the agency's new Clearinghouse contractor, PSI. (\$197,000)
  - Amending verification policies and reducing customer service for beneficiaries at the Clearinghouse. The Clearinghouse processes about 85% of the applications by low-income families and children and normally fields about 240,000 calls per year. (\$233,000)
  - Lapsing funds carried over from FY 2009. (\$150,000)
  - Eliminating extra contract funding devoted to the Clearinghouse eligibility backlog. (\$140,000)
  - Cutting state staff overtime dedicated to the Clearinghouse eligibility backlog. (\$60,000)
  - Freezing KHPA staff overtime effective Nov. 30 and reducing KHPA staff through attrition. (\$109,000)
- (more)

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## **KHPA Implements Cuts to Balance Budget - 2**

“We expect the cuts at KHPA’s eligibility clearinghouse to result in delays for people who are applying for health insurance benefits through Medicaid and CHIP,” said KHPA Acting Executive Director Andy Allison. “We already have a backlog of applications there, and that backlog is likely to get worse. To prevent that problem from crippling the program, we’re making policy changes to streamline the way we verify income and other information people provide on their applications. While these changes may ultimately make the eligibility operation less accurate, we can’t spend money we don’t have, and without people to work these applications we really have no choice but to trade accuracy for access.”

“Most of the budget reductions are passed on to providers,” Allison said. “Provider reimbursements make up about 95 percent of the cost of the Medicaid program, and reducing those payments will be difficult for the 25,000 Medicaid providers serving beneficiaries across the state. We hope we can work with providers to maintain services for the 315,000 Kansans currently enrolled in Medicaid and the Children’s Health Insurance Program, but that is not going to be easy given the reduction in both payments and operational support for providers.”

“The administrative cuts approved today fundamentally alter Medicaid’s insurance and eligibility operations,” Allison said. “The provider call center will be eliminated, leaving only mail and web-based communications to mediate over a million claims per month. We will also have to significantly reduce capacity at our customer call centers. To be honest, we’re still trying to figure out how to adjust. The resources we are losing handle about 1,500 calls a day with detailed questions about eligibility, insurance benefits, pending medical claims, and Medicaid’s myriad rules. Imagine what it would be like if you could not pick up the phone and talk to someone at your insurance company. That’s what our beneficiaries and providers will be facing. And yet, these cuts beat the alternative, which is to stop paying claims altogether.”

KHPA Board Chairman Joe Tilghman (TILL-man) said: “The state’s budget situation has forced some very difficult decisions. We know these cuts will impose significant hardships on people who rely on Medicaid and CHIP for their health coverage, as well as the providers who serve those people. This is really a triple hit: we’re cutting the reimbursement rates we pay to our providers; we’re cutting the administrative support that helps providers get what little they are supposed to be paid; and we’re cutting the resources needed to help people get enrolled in the programs in the first place. We implore both providers and the public to stay with the Medicaid program and to continue serving Kansans in need until the state’s financial situation recovers.”

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